



Date: 12 June 2014

UNMARKETABLE PARCEL SALE FACILITY

The Board of Hammer Metals Limited (HMX or the Company) is pleased to announce that it has established a share sale facility for the holders of unmarketable parcels of the company's shares.

The Record Date for the purposes of establishing holders of unmarketable parcels has been set at close of trade on 6 June 2014. An unmarketable parcel (which is a parcel of HMX shares with a market value of less than \$500 on the record date) will be any shareholding of 4,545 shares or less.

HMX is offering this facility to assist shareholders of unmarketable parcels (determined as at the Record Date) to sell their HMX shares without having to use a broker. HMX will organise remittance of sale proceeds net of the costs of sale for those shareholders who take advantage of the facility (although any tax consequences from the sale will be the shareholder's responsibility). The shares will be sold at market price for the relevant shares.

Over 986 of the Company's approximately 1,481 shareholders hold unmarketable parcels making up approximately 1.11% of the Company's fully paid ordinary shares on issue. By facilitating the sale of unmarketable parcels the Company expects to reduce the administrative costs associated with maintaining a large number of small shareholdings.

Attached is a copy of the letter, information notes and the retention form which has today been sent to all shareholders holding an unmarketable parcel on the Record Date.

For further information on this announcement contact Mr Mark Pitts at 08 9316 9100 or visit www.hammermetals.com.au.

Mark Pitts

Company Secretary

On behalf of the Board of Directors



12 June 2014

Dear Shareholder

IMPORTANT NOTICE – Sale of your Unmarketable Parcel of Hammer Metals Limited Shares

I am writing to advise you that Hammer Metals Limited (HMX or the Company) has established a share sale facility ('Facility') for holders of shares valued at less than \$500 as at close of trade on 6 June 2014 ('Unmarketable Parcels'). The facility is being established in accordance with the Company's Constitution and the ASX listing rules.

HMX is offering the Facility to assist holders of Unmarketable Parcels to sell their shares. Holders of Unmarketable Parcels who take advantage of the facility will have their shares sold without having to act through a broker. The Company will arrange payment of the net proceeds of the sale to be sent to you (although any tax consequences from the sale of your shares will be your responsibility).

Our records show that you held an Unmarketable Parcel based on the HMX share price of \$0.11 as at close of trade on 6 June 2014 ('Record Date'). Unless you advise the Company that you do NOT wish to sell your shares within six (6) weeks from when this letter was sent, HMX intends to sell your shares through the Facility in accordance with Clause 2.10 of the Company's Constitution and the Australian Securities Exchange Listing Rules. Payment will be sent to you following settlement of the sale or otherwise as soon as is practicable. The shares will be sold at the market price.

What should you do?

If you do NOT wish to sell your shares through the Facility, you must complete and return the attached form to the address on the form so that it is received by 5.00 pm (Perth time) on 25 July 2014. Please read the instructions on your personalised Share Retention Form carefully before completing it.

If you want to sell your shares through the Facility, you do not need to take any action. By refraining from taking any action, after the expiration of the time prescribed in the ASX Listing Rules and the Company's Constitution, you will be deemed to have irrevocably appointed the Company as your agent:

- (a) to sell all of your shares at a price to be determined by when and how the shares are sold; and
- (b) to deal with the proceeds of the sale as set out in the attached information pack.

If you need help deciding what to do, or if you require information regarding the financial, legal or tax consequences of participating in the Facility you should consult your legal, financial or taxation adviser.



The attached information pack sets out further details of the Facility, which you should read before making any decision. You can also contact the Company Secretary on +61 8 9316 9100 if you have any queries about lodging your form or the practical operation of the Facility.

Yours sincerely

A handwritten signature in black ink, appearing to read "Mark Pitts".

Mark Pitts
Company Secretary
On behalf of the Board



INFORMATION PACK FOR THE UNMARKETABLE PARCEL SALE FACILITY

1. What is an Unmarketable Parcel of shares?

An unmarketable parcel of Shares is a holding of HMX shares valued at less than \$500 as at close of trade on the record date. Based on the price of HMX shares at the Record Date, this is a holding of 4,545 shares or less.

2. What price will I receive for shares sold through the Facility?

The price that you receive for your shares under the Facility will be determined by when and how the shares are sold. Hammer Metals Limited (HMX) directors may sell your shares on market or in any other way they consider fair and reasonable in the circumstances. If the shares are sold on market the price will depend on a number of factors, including market conditions at the time of sale. You will not have control over the time at which your shares are sold, the price you receive may be different from the price appearing in the newspaper or quoted by ASX on any day, may not be the best price on the day that your shares are sold and may be an average price per share based on the price obtained for all the shares sold under the Facility. If the HMX directors sell your shares other than on market, the price will be the price that the HMX directors have been able to negotiate with the acquirer or acquirers.

3. What is the price of Hammer Metals Limited shares?

The last sale price of HMX shares on Friday 6th June 2014 was A\$0.11. The share price changes frequently and more recent prices are available in newspapers and from the ASX website (www.asx.com.au) under the ASX code 'HMX'.

4. When will the proceeds from the sale of shares be sent to me?

Payment will be sent to you following settlement of the sale or otherwise as soon as is practicable. Payment will be made in Australian dollars by cheque. You will be notified by way of a transaction confirmation statement of the number of your shares sold, and the price and total sale proceeds and any associated costs. The cheque will be sent by post to your address as shown in the share register at the time the share sale payment is run.

5. If I buy more shares, will I retain my holding?

Yes, HMX will treat any purchase of additional shares to increase the value of a HMX shareholding to more than \$500 as an indication that you do not want your shares to be sold through the Facility. For a purchase to be an effective notification that you wish to retain your shares, any additional shares must be registered by 5.00 pm (Perth time) on 25 July 2014 **under the same name and address and with the same holder number (SRN or HIN)** as set out in this letter.



6. What if my shares are held in a CHESS holding?

If your Shares remain in a CHESS holding at 5.00pm on 25 July 2014, the Company may move those Shares to an issuer sponsored holding and the Shares will be sold through the Facility.

7. Where can I get further information?

If you have any questions concerning your shareholding or how the Facility will work, please contact our Company Secretary, Mark Pitts, by telephone on +61 8 9316 9100.

8. Important notes

HMX reserves the right to change any of the dates referred to in this letter by notice to the ASX.

This letter does not constitute advice nor a recommendation to buy, sell or hold shares nor that the Facility is the best way to sell HMX shares.

If you are in any doubt about what to do, you should consult your legal, financial or taxation adviser.

NOTE:

If you currently have more than one holding on the HMX share register, you may wish to consider amalgamating them. This may result in your amalgamated holding no longer being an Unmarketable Parcel. Under these circumstances your shares will not be sold as part of this facility.



SHARE RETENTION FORM

Use a black pen.
Print in CAPITAL letters
inside the grey areas.

Grid with letters A, B, C

Grid with numbers 1, 2, 3

Where a choice is required,
mark the box with an 'X'

Box with 'X'

SHARE RETENTION FORM

IMPORTANT: If you wish to retain your ordinary shares ('Shares') in the Company, you must complete this form and return it so that it is received by no later than 5.00 pm (WST) on Friday 25 July 2014.

Number of Shares as at Record Date
The number of Shares that you held at 5.00 pm (WST) on 6 June 2014

Retention of Shares
[X] I/we refer to the notice from the Company dated Thursday, 12 June 2014 and record my/our wish to retain my/our Shares.

Contact details
Please provide your contact details in case we need to speak to you about this form.
Name of contact person
Contact person's daytime telephone number

Email Communications
Please assist us in our commitment to the environment by providing your email address and elect to receive communications electronically.
By entering my email address and sending it back in I, acknowledge and agree that I have read and understood Advanced Share's Terms and Conditions of use which I can obtain on the Advanced Share website (www.advancedshare.com.au/investors), or alternatively by calling the Advanced Share Registry.

Sign here - this section must be signed before we can process this form.
By signing and returning this form, I/we confirm that I/we understand that my/our Shares will not be sold under the Unmarketable Parcel Share Sale Facility.
Individual or Securityholder 1
Securityholder 2
Securityholder 3
Sole Director and Sole Company Secretary
Director
Director/Company Secretary
Day
Month
Year

SHARE RETENTION FORM

Securityholders who wish to retain their Shares must lodge a Share Retention Form.

Number of Shares as at Record Date

This is the total number of Shares you held at 5.00 pm on 6 June 2014.

Retention of Shares

If you would like to retain your Shares, please mark the box on the front of the form and return it in accordance with the lodgment instructions below.

If this form is not received by that time, and you have not otherwise validly notified the Company that you wish to retain your Shares by that time, the Company will be entitled to have your Shares sold for you.

If you wish to sell your Shares under the Share Sale Facility, you should not complete this form.

Contact details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

Email Communications

Enter your email address. Your email address will be used to send you your shareholder communications electronically.

Signature(s)

You must sign and date the form as follows in the space provided:

Joint holding: where the holding is in more than one name all of the securityholders must sign.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Consolidation of shareholdings

If you have more than one holding on Hammer Metals Limited's register and you do not sell your Shares under the Unmarketable Parcel Share Sale Facility, you should consider consolidating them. For further advice in this regard, please contact ADVANCED SHARE REGISTRY.

Lodgment of Form

If you wish to retain your Shares, this Share Retention Form must be completed and received by ADVANCED SHARE REGISTRY Perth **by no later than 5.00 pm (WST) on Friday 25 July 2014**

It is your responsibility to allow sufficient time for this form to be received by ADVANCED SHARE REGISTRY.

Your Share Retention Form must be sent to the Company's share registry: Hammer Metals Limited

C/: Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009

C/: Advanced Share Registry Limited
PO BOX 1156
Nedlands WA 6909

Neither ADVANCED SHARE REGISTRY nor the Company accepts any responsibility if you lodge the Share Retention Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by ADVANCED SHARE REGISTRY, as registrar for the Company, for the purpose of effecting your instructions in relation to the Share Sale Facility, maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to the Company and its professional advisers, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by ADVANCED SHARE REGISTRY, or you would like to correct information that is inaccurate, incorrect or out of date, please contact ADVANCED SHARE REGISTRY. In accordance with the Corporations Act 2001(Cth), you may be sent material (including marketing material) approved by the Company in addition to general corporate communications. You may elect not to receive marketing material by contacting ADVANCED SHARE REGISTRY.

This form may not be used to notify your change of address. For information please contact ADVANCED SHARE REGISTRY on +61 8 9389 8033 or visit the share registry at <http://advancedshare.com.au>